

WHEN RECORDED MAIL TO:

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TAX REGULATORY AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS

By and Between

HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO

and

WATERMAN GARDENS PARTNERS 2, L.P.,
a California limited partnership

Dated as of [_____] , 2019

Relating to

\$_[_____]_____
Housing Authority of the County of San Bernardino
Multifamily Housing Revenue Bonds
(Arrowhead Grove Apartments Phase II)
2019 Series A-1

and

\$_[_____]_____
Housing Authority of the County of San Bernardino
Multifamily Housing Revenue Bonds
(Arrowhead Grove Apartments Phase II)
2019 Series A-2

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TAX REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS

THIS TAX REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (as supplemented and amended from time to time, this “Regulatory Agreement”) is made and entered into as of [_____], 2019, by and between the HOUSING AUTHORITY OF THE COUNTY OF SAN BERNARDINO, a public body corporate and politic, duly organized and existing under the Constitution and the laws of the State of California (together with any successor to its rights, duties and obligations, the “Issuer”) and WATERMAN GARDENS PARTNERS 2, L.P., a California limited partnership (together with any successor to its rights, duties and obligations hereunder and as owner of the Project identified herein, the “Owner”).

W I T N E S S E T H:

WHEREAS, the Issuer is a California housing authority acting under the Housing Authorities Law, Chapter 1 of Part 2 of Division 24 of the California Health and Safety Code (the “Act”);

WHEREAS, pursuant to the Act, the Issuer is authorized to issue bonds to finance the acquisition, construction and equipping of multifamily rental housing for families and individuals of low income and very low income within the County of San Bernardino, California (the “County”);

WHEREAS, the Issuer is a political subdivision (within the meaning of that term in the Regulations of the Department of Treasury and the rulings of the Internal Revenue Service prescribed and promulgated pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”));

WHEREAS, on [~~July 23~~August 6], 2019, the legislative body of the Issuer adopted a resolution (the “Resolution”) authorizing the issuance of revenue bonds in connection with financing the acquisition, construction and equipping of a multifamily rental housing development consisting of 184 units in 18 buildings, to be located west of Crestview Avenue between Baseline Street and Olive Street, in the County of San Bernardino, California as more particularly described in Exhibit A attached hereto (the “Project”);

WHEREAS, the land upon which the project is being built is leased by the Owner pursuant to a Ground Lease, dated as of [_____], 2019 (the “Ground Lease”) from the Issuer;

WHEREAS, in furtherance of the purposes of the Act and the Resolution and as a part of the Issuer’s plan of financing residential rental housing, the Issuer has issued its Housing Authority of the County of San Bernardino Multifamily Housing Revenue Bonds (Arrowhead Grove Apartments Phase II) 2019 Series A-1 and its Housing Authority of the County of San Bernardino Multifamily Housing Revenue Bonds (Arrowhead Grove Apartments Phase II) 2019 Series A-2 (collectively, the “Bonds”). The Bonds were purchased by Bank of America, N.A., a national banking association (the “Holder”), pursuant to the Master Pledge and Assignment,

dated as of [____], 2019, by and between the Authority and the Holder (the “Master Pledge and Assignment”).

WHEREAS, the Authority is loaning the proceeds of Bonds to the Owner (the “Loan”) pursuant to a Construction Disbursement Agreement, dated as of [____], 2019 (the “Loan Agreement”), by and between the Owner and Bank of America, N.A., as agent of the Issuer (the “Agent”). The Owner will use the proceeds of the Bonds to finance the acquisition, construction and equipping of the Project for the public purpose of providing decent, safe and sanitary housing for families and individuals of very low income;

WHEREAS, if the Owner satisfies the “Conversion Conditions” in a bond purchase agreement dated as of [____], 2019 (the “Bond Purchase Agreement”) by and among the Owner, the Agent and JPMorgan Chase Bank, N.A. (“JPMC”), JPMC will purchase a portion of the Bonds and the Loan will convert to a term loan on the Conversion Date (as defined in the Bond Purchase Agreement);

WHEREAS, in order to assure the Issuer and the owners of the Bonds that interest on the Bonds will be excluded from gross income for federal income tax purposes under the Code, and to satisfy the public purposes for which the Bonds are authorized to be issued under the Act, and to satisfy the purposes of the Issuer in determining to issue the Bonds, certain limits on the occupancy of units in the Project need to be established and certain other requirements need to be met;

NOW, THEREFORE, in consideration of the issuance of the Bonds by the Issuer and the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuer and the Owner hereby agree as follows:

Section 1. Definitions and Interpretation. Unless the context otherwise requires, the capitalized terms used herein shall have the respective meanings assigned to them in the recitals hereto and in this Section 1 of the Regulatory Agreement.

“Adjusted Income” means the adjusted income of a person (together with the adjusted income of all persons who intend to reside with such person in one residential unit) as determined in a manner consistent with determinations of lower-income families under Section 8 of the United States Housing Act of 1937, as amended and in accordance with Section 142(d) of the Code, and adjusted for family size.

“Affordable Rents” means a monthly rent (excluding any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units) which does not exceed 30 percent of 60 percent of one-twelfth of the Area Gross Median Income, adjusted for family size as established under Section 8 of the United States Housing Act of 1937, as amended, based upon the following household sizes for various types of residential units in the Project:

Type of Unit

Assumed Household Size

Studio	1 person
One bedroom	2 persons
Two bedrooms	3 persons
Three bedrooms	4 persons
Four bedrooms	5 persons

“Area” means the Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area or such other area as may be designated by HUD in which the Project is located.

“Bond Counsel” means an attorney or a firm of attorneys of nationally recognized standing in matters pertaining to the tax status of interest on bonds issued by states and their political subdivisions, who is or are acceptable to the Issuer and duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“CDLAC” means the California Debt Limit Allocation Committee or its successors.

“CDLAC Resolution” means collectively, Resolution No. 18-139 adopted by CDLAC on December 12, 2018 and the CDLAC Carryforward Issuance Extension Letter dated April 12, 2019, attached as Exhibit D.

“Certificate of Continuing Program Compliance” means the Certificate to be filed by the Owner with the Issuer and the Program Monitor, if applicable, pursuant to Section 4(e) hereof, which shall be substantially in the form attached as Exhibit C hereto or in such other comparable form as may be provided by the Issuer to the Owner.

“Deed of Trust” means the Construction and Permanent Leasehold Deed of Trust with Assignment of Leases and Rents, Security Agreement, and Fixture Filing, dated as of [____], 2019, executed by the Owner, as Trustor, for the benefit of the Issuer, as beneficiary and encumbering (among other things) the Project and securing the Loan, as recorded in the official records of the San Bernardino County, California.

“Housing Act” means the United States Housing Act of 1937, as amended, or its successor.

“Income Certification” means a Verification of Income and an Occupancy Certificate in the form attached as Exhibit B hereto or in such other comparable form as may be provided by the Issuer to the Owner.

“Investor Limited Partner” means Bank of America, N.A., a national banking association.

“Issue Date” means the date of the issuance and delivery of the Bonds.

“Loan” means the loan made by the Issuer to the Owner pursuant to the Loan Agreement.

“Loan Documents” means, collectively, the Loan Agreement, the Note, the Deed of Trust, the Regulatory Agreement and all other documents evidencing, securing or otherwise pertaining to the Loan.

“Low Income Tenant” means any tenant whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of low income families under Section 8 of the Housing Act, except that the percentage of median gross income that qualifies as low income shall be sixty percent (60%) of Area Median Gross Income with adjustments for family size. Occupants will not fail to be treated as Low Income Tenants merely because such occupants are or will be full time students during five calendar months of the calendar year at an educational institution (other than a correspondence school) with regular faculty and students, provided such students in the unit (1) are receiving assistance under title IV of the Social Security Act (including AFDC/TANF) or the Job Training Partnership Act or under similar Federal, State, or local laws, or were previously under the care and placement responsibility of the State agency responsible for administering a plan under Part B or part E of title IV of the Social Security Act (foster care assistance), or (2) are married and entitled to file a joint return, or (3) are single parents and their children, and neither the parent nor the children are dependents of another taxpayer. The determination of a tenant’s status as a Low Income Tenant shall be made by the Owner upon initial occupancy of a unit in the Project by such tenants, on the basis of an Income Certification executed by the tenant.

“Low Income Units” means the units in the Project required to be rented, or held available for occupancy by, Low Income Tenants pursuant to Sections 4(a), 6(a) and 7(a) hereof.

“Median Gross Income” means the area median gross income for the Area, as determined from time to time by HUD in a manner consistent with determinations of area median gross income under Section 8 of the United States Housing Act of 1937, as amended (or if such program is terminated, under such program as in effect immediately before such termination). Except for any HUD Hold Harmless Impacted Project, as defined in Code Section 142(d)(2)(E)(iv), any determination of Area Median Gross Income with respect to the Project for any calendar year after 2008 shall not be less than the Area Median Gross Income determined with respect to the Project for the calendar year preceding the calendar year for which such determination is made. Special rules for determining the Area Median Gross Income for calendar years after 2008 for HUD Hold Harmless Impacted Projects are set forth in Code Section 142(d)(2)(E)(ii).

“Note” means the Promissory Note Secured dated as of even date herewith in the original principal amount of \$[_____], made by the Borrower to the order of the Agent.

“Owner” means Waterman Gardens Partners 2, L.P., a California limited partnership, the owner of the Project located on the real property site described in Exhibit A hereto.

“Program Monitor” means any program monitor or program monitor appointed by the Issuer to administer this Regulatory Agreement, and any successor so appointed. The initial Program Monitor shall be the Issuer.

“Project” means the multifamily rental housing development known as Arrowhead Grove Apartments Phase II to be constructed consisting of 184 units in 18 residential buildings (each, a “Building”), located on the real property site described in Exhibit A hereto, consisting of those facilities, including real property, structures, buildings, fixtures or equipment situated thereon, as it may at any time exist, the construction and equipping of which facilities is to be financed, in whole or in part, from the proceeds of the sale of the Bonds or the proceeds of any payment by the Owner pursuant to the Loan Agreement, and any real property, structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such facilities.

“Qualified Project Period” means the period beginning on the first day on which at least ten percent (10%) of the residential units in the Project are first occupied and ending on the later of the following:

(A) the date that is fifteen (15) years after the date on which at least fifty percent (50%) of the residential units in the Project are first occupied (as specified pursuant to Section 3(h) of this Regulatory Agreement);

(B) the first date on which no Tax-Exempt private activity bonds with respect to the Project are Outstanding;

(C) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates; or

(D) the date that is fifty-five (55) years from the Closing Date, as required by the CDLAC Conditions, unless CDLAC waives its condition governing the length of the Qualified Project Period.

“Regulations” means the Income Tax Regulations of the Department of the Treasury applicable under the Code from time to time.

“Regulatory Agreement” means this Tax Regulatory Agreement and Declaration of Restrictive Covenants, as it may be supplemented and amended from time to time.

“State” means the State of California.

“Tax Certificate” means the Tax Certificate of the Issuer, including the certificate of the Owner attached as Exhibit A thereto, dated the Issue Date.

“Tax-Exempt” means with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from gross income for federal income tax purposes; provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax

liabilities, including any alternative minimum tax under the Code or includable during any time held by a substantial user of the Project, as defined in Section 147(a) of the Code.

“Verification of Income” means a Verification of Income in the form attached as Exhibit B hereto or in such other comparable form as may be provided by the Issuer to the Owner.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of any gender shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

The parties to this Regulatory Agreement acknowledge that each party and their respective counsel have participated in the drafting and revision of this Regulatory Agreement. Accordingly, the parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Regulatory Agreement or any supplement or exhibit hereto.

Section 2. Representations, Covenants and Warranties of the Owner.

(a) The Owner hereby incorporates herein, as if set forth in full herein, each of the representations, covenants and warranties of the Owner contained in the Tax Certificate and the Loan Agreement relating to the Project.

(b) The Owner hereby represents and warrants that the Project is located entirely within the City of San Bernardino, California.

(c) The Owner acknowledges, represents and warrants that it understands the nature and structure of the transactions contemplated by this Regulatory Agreement; that it is familiar with the provisions of all of the documents and instruments relating to the Bonds to which it is a party or of which it is a beneficiary; that it understands the financial and legal risks inherent in such transactions; and that it has not relied on the Issuer for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Issuer in any manner except to issue the Bonds in order to provide funds to assist the Owner in acquiring and constructing the Project.

Section 3. Qualified Residential Rental Project. The Owner hereby acknowledges and agrees that the Project is to be owned, managed and operated in the same manner as a “residential rental project” (within the meaning of Section 142(d) of the Code) for a

term equal to the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Owner hereby represents, covenants, warrants and agrees as follows:

(a) The Project will be acquired, constructed and operated for the purpose of providing multifamily residential rental property. The Owner will own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with Section 142(d) of the Code, Section 1.103-8(b) of the Regulations and the provisions of the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project are and will be similarly constructed units, and, except as provided in (i) below, each dwelling unit in the Project contains and will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis or rented for a period of less than 30 consecutive days, or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park.

(d) No part of the Project will at any time during the Qualified Project Period be owned by a cooperative housing corporation, nor shall the Owner take any steps in connection with a conversion to such ownership or use, and the Owner will not take any steps in connection with a conversion of the Project to condominium ownership during the Qualified Project Period.

(e) All of the dwelling units in the Project (except for not more than two units set aside for resident manager or other administrative use) will be available for rental during the Qualified Project Period on a continuous basis to members of the general public, on a first-come, first-served basis, and the Owner will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required to be leased or rented to Low Income Tenants, and as otherwise provided in the Regulatory Agreement in connection with the loan from the Housing Authority.

(f) All of the Buildings are located on a site that consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the facilities of the Project comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by the Owner; provided, however, that if the Project contains five or more dwelling units, this provision shall not be construed to prohibit the occupancy of a dwelling unit by resident managers or maintenance personnel, any of whom may be the Owner.

(h) Within 30 days after the date on which 10% of the dwelling units in the Project are occupied and within 30 days after the date on which 50% of the dwelling units in the Project are occupied, the Owner shall deliver to the Issuer a written notice specifying such dates. The Owner shall cause a copy of such notices to be recorded in the Official Records of the County of San Bernardino, California.

(i) Notwithstanding anything contained herein to the contrary, no unit shall fail to be treated as a unit in a “qualified residential rental project” merely because such unit is a single-room occupancy unit (within the meaning of Code section 42).

Section 4. Low Income Tenants; Reporting Requirements. Pursuant to the requirements of the Code, the Owner hereby represents, warrants and covenants as follows:

(a) During the Qualified Project Period no less than 40% of the total number of completed units in the Project shall at all times be rented to and occupied by Low Income Tenants. For the purposes of this paragraph (a), a vacant unit which was most recently occupied by a Low Income Tenant is treated as rented and occupied by a Low Income Tenant until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined.

(b) No tenant qualifying as a Low Income Tenant of a Low Income Unit upon initial occupancy shall be denied continued occupancy of a unit in the Project because, after admission, such tenant’s Adjusted Income increases to exceed the qualifying limit for Low Income Tenants. However, should the Adjusted Income of a Low Income Tenant of a Low Income Unit, as of the most recent determination thereof, exceed one hundred forty percent (140%) of the applicable income limit for a Low Income Tenant of the same family size, the next available unit in the Building in which such unit is located of comparable size must be rented to (or held vacant and available for immediate occupancy by) a Low Income Tenant. Until such next available unit is rented, the former Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant for purposes of the forty percent (40%) requirement of Section 4(a) hereof.

(c) For the Qualified Project Period, the Owner will obtain, complete and maintain on file Income Certifications for each Low Income Tenant, including (i) with respect to new Low Income Tenants, immediately prior to the initial occupancy of such Low Income Tenant in the Project, and (ii) thereafter, an annual Income Certification with respect to each Low Income Tenant; provided that such certification with respect to any tenant shall in no case cover a period greater than one year. The Owner will provide such additional information as may be required in the future by the Code, the State or the Issuer, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to Tax-Exempt obligations. A copy of the most recent Income Certifications for Low Income Tenants commencing or continuing occupation of a Low Income Unit shall be attached to each report to be filed with the Issuer pursuant to paragraph (e) of this Section 4.

The Owner shall make a good faith effort to verify that the income information provided by an applicant in a Verification of Income is accurate by taking one or more of the following steps as a part of the verification process: (1) obtain a pay stub for the most recent pay period, (2) obtain an income tax return for the most recent tax year, (3) obtain a credit report or conduct a similar type credit search, (4) obtain an income verification from the applicant's current employer, (5) obtain an income verification from the Social Security Administration and/or the California Department of Social Services if the applicant receives assistance from either of such agencies, or (6) if the applicant is unemployed and does not have an income tax return, obtain another form of independent verification reasonably acceptable to the Issuer.

(d) The Owner will maintain complete and accurate records pertaining to the Low Income Units, and, upon reasonable notice to Owner, will permit any duly authorized representative of the Issuer, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Owner pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

(e) The Owner will prepare and submit to the Issuer and the Program Monitor, if applicable, no later than the thirtieth day of each calendar quarter, until the end of the Qualified Project Period, a Certificate of Continuing Program Compliance executed by the Owner stating (i) the percentage of the dwelling units of the Project that were occupied or deemed occupied pursuant to subsection (a) hereof, by Low Income Tenants during the preceding calendar quarter; and (ii) that either (A) no unremedied default has occurred under this Regulatory Agreement, the Loan Agreement or the Deed of Trust, or (B) a default has occurred, in which event the certificate shall describe the nature of the default in detail and set forth the measures being taken by the Owner to remedy such default.

(f) For the Qualified Project Period, all tenant leases or rental agreements shall be subordinate to this Regulatory Agreement and the Deed of Trust. All leases pertaining to Low Income Units shall contain clauses, among others, wherein each tenant who occupies a Low Income Unit: (i) certifies the accuracy of the statements made in the Verification of Income; (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such tenant, that such tenant will comply promptly with all requests for information with respect thereto from the Owner, the Issuer or a Program Monitor on behalf of the Issuer, and that the failure to provide accurate information in the Verification of Income or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such tenant; (iii) acknowledges that the Owner has relied on the Verification of Income and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of the Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement; and (iv) agrees that the tenant's income is subject to annual certification in accordance with Section 4(c) and that if upon any such certification such tenant's Adjusted Income exceeds the applicable income limit under Section 4(b), such tenant may cease to qualify as a Low Income Tenant and such tenant's rent may be subject to increase.

(g) The Owner shall submit to the Secretary of the United States Treasury on or before March 31 of each year during the Qualified Project Period the annual

certification of compliance in the form, time, and manner required under Section 142(d)(7) of the Code (Internal Revenue Service Form 8703, as such form may be revised from time to time). The failure of the Owner to submit the required annual compliance certification shall subject the Owner to the penalty provided in Section 6652(j) of the Code. On or before each February 28 during the Qualified Project Period, the Borrower will submit to the Program Monitor, the Trustee, and the Issuer, if the Issuer is not the Program Monitor, a draft of the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury regarding whether the Project continues to meet the requirements of Section 142(d) of the Code.

Section 5. Tax-Exempt Status of Bonds. The Owner and the Issuer, as applicable, each hereby represents, warrants and agrees as follows:

(a) The Owner and the Issuer will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-Exempt nature of the interest on the Bonds and, if either of them should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(b) The Owner and the Issuer will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Issuer, in order to insure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of the County of San Bernardino.

(c) The Owner hereby covenants to include or reference the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions, and, to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Section 6. Additional Requirements of the Act. In addition to the requirements set forth above, the Owner hereby agrees that it shall comply with each of the requirements of the Act applicable to the project. Without limiting the foregoing, the Owner agrees as follows:

(a) Not less than 40% of the total number of units in the Project shall be available for occupancy on a priority basis by “low income tenants” as required by Section 34312.3 of the Act. This requirement is met by the CDLAC requirement that 77 of the units be made available to Low Income Tenants at or below 50% of Area median income, and 70 of the units be made available to Low Income Tenants at or below 60% of Area median income.

(b) The rental payments for the Low Income Units paid by the tenants thereof (excluding any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units) shall not exceed Affordable Rents.

(c) The Owner shall accept as tenants, on the same basis as all other prospective tenants, very low-income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act. The Owner shall not permit any selection criteria to be applied to Section 8 certificate or voucher holders that are more burdensome than the criteria applied to all other prospective tenants, except as may be required by the Section 8 program.

(d) No tenant residing in a unit reserved as required by subsection (a) of this Section shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for low income tenants or Low Income Tenants. However, should the Adjusted Income of a tenant residing in a reserved unit increase to exceed the qualifying limit, the next available unit in the Project must be rented to (or held vacant and available for immediate occupancy by) a tenant whose income satisfies the requirement of Section 4(a) hereof. Until such next available unit is rented to a qualified tenant, the former low income tenant or Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a low income tenant or Low Income Tenant for purposes of the requirement of Section 4(a) hereof.

(e) The units reserved for occupancy as required by subsection (a) of this Section shall remain available on a priority basis for occupancy until the Bonds are retired.

Section 7. Additional Requirements of the Issuer. In addition to the requirements set forth above and to the extent not prohibited thereby, the Owner hereby agrees to comply with each of the requirements of the Issuer set forth in this Section 7, as follows:

(a) The Owner will indemnify the Issuer as provided in Section [] of the Loan Agreement and Section 9 hereof.

(b) All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Owner and shall be maintained as required by the Issuer, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the Issuer.

(c) ~~[TO BE CONFIRMED]~~ The Owner shall submit to the Issuer, (i) not later than the thirtieth (30th) day after the close of each calendar year, a statistical report in the form set forth as Exhibit E hereto, or such other form as may be prescribed by the Issuer, setting forth the information called for therein, and (ii) within fifteen (15) days after receipt of a written request, any other information or completed forms requested by the Issuer in order to comply with reporting requirements of the Internal Revenue Service or the State.}]

(d) The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Owner.

(e) Each of the requirements of Sections 3, 4 and 6 hereof is hereby incorporated as a specific requirement of the Issuer, whether or not required by State or federal law, and shall be in force for the Qualified Project Period.

(f) The Owner acknowledges that the Issuer may appoint a Program Monitor other than the Issuer (at no additional cost to the Owner) to administer this Regulatory Agreement and to monitor performance by the Owner of the terms, provisions and requirements hereof. In such event, the Owner shall comply with any request by the Issuer to deliver to any such Program Monitor, in addition to or instead of the Issuer, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection by the Program Monitor as an agent of the Issuer.

(g) ~~ISSUER FEES TO BE CONFIRMED~~ The Owner shall pay to the Issuer, within thirty (30) days after receipt of written request for payment thereof from the Issuer, (1) an annual compliance monitoring fee (including all reasonable out-of-pocket expenses of the Issuer (not including salaries and wages of Issuer employees) related to the Project and the financing thereof that are not otherwise required to be paid by the Owner under the terms of this Regulatory Agreement or the Loan Agreement, including, without limitation, reasonable legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project, the Loan or the Bonds) of \$[] and (2) a bond fee of \$[] as of the Closing Date and \$[] annually thereafter. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Bonds, the Owner shall continue to pay (or, to the extent allowed under the Code, may prepay the present value at such time, computed based on the Bond yield) the Issuer's fees, unless such prepayment is made in connection with a refunding of the Bonds.

(h) The Owner shall comply with the conditions set forth in Exhibit A of the CDLAC Resolution (the "CDLAC Conditions"), a copy of which is attached hereto as Exhibit D, as they may be modified or amended from time to time, which conditions are incorporated herein by reference and made a part hereof. The Owner will prepare and submit to CDLAC, not later than each anniversary of the Closing Date, until the end of the Qualified Project Period, a Certificate of Continuing Program Compliance, in substantially the form attached hereto as Exhibit F, executed by an authorized representative of the Owner. The Issuer and the Program Monitor shall have no obligation to monitor the Owner's compliance with the CDLAC Conditions.

(i) Any of the foregoing requirements of the Issuer (except subsection (h) above which may be expressly waived by CDLAC) may be expressly waived by the Issuer in writing, but (i) no waiver by the Issuer of any requirement of this Section 7 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the Issuer has received an opinion of Bond Counsel that any such provision is not required by the Act and may be waived without adversely affecting the exclusion from gross income of interest on the Bonds for federal income tax purposes; and (ii) any requirement of this Section 7 shall be void and of no force and effect if the Issuer and the Owner receive an opinion of Bond Counsel to the effect that compliance with any such requirement would cause interest on the Bonds to cease to be Tax-Exempt or to the effect that compliance with such requirement would be in conflict with the Act or any other State or federal law.

Section 8. Modification of Covenants. The Owner and the Issuer hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Issuer and the Owner, retroactively impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement, and if such requirements are applicable to the Project, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements.

(b) To the extent that the Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the Issuer and the Owner, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Issuer, at its sole discretion, and the Owner, and only upon receipt by the Issuer of the written opinion of Bond Counsel to the effect that such amendment will not affect the Tax-Exempt status of interest on the Bonds or violate the requirements of the Act, and otherwise in accordance with Section 22 hereof.

(c) The Owner and the Issuer shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary to effectuate the intent of this Section 8, and the Owner hereby appoints the Issuer as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Owner any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the Owner defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the Owner, the Issuer shall take no action under this subsection (c) without first notifying the Owner and without first providing the Owner an opportunity to comply with the requirements of this Section 8 within 10 days from the provision of written notice thereof to the applicable party. Nothing in this subsection (c) shall be construed to allow the Issuer to execute an amendment to this Regulatory Agreement on behalf of the Owner.

Section 9. Indemnification; Other Payments. To the fullest extent permitted by law, the Owner agrees to indemnify, hold harmless and defend the Issuer, its officers, governing members, directors, officials, employees, attorneys and agents (collectively, the “Indemnified Parties”), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(a) this Regulatory Agreement, the Tax Certificate and all documents related thereto, the Loan Agreement and any of the other Loan Documents (subject to the provisions in the Note limiting recourse to the Owner and its partners with respect to the payment of principal of and interest on the Note) or the execution or amendment thereof or in connection with transactions contemplated thereby, including the issuance, sale, resale or transfer of the Bonds;

(b) any certifications or representations made by any person (other than the Issuer or the party seeking indemnification in connection therewith) or the carrying out by the

Owner of any of the transactions contemplated by the Bonds, the Master Pledge and Assignment, the Loan Agreement or this Regulatory Agreement;

(c) any cause whatsoever in connection with the approval of financing for the Project, the making of the Loan or otherwise;

(d) any act or omission of the Owner or any of its agents, contractors, servants, employees or licensees in connection with the Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof;

(e) any lien or charge upon payments by the Owner to the Issuer hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer in respect of any portion of the Project;

(f) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof;

(g) the defeasance and/or redemption, in whole or in part, of the Bonds;

(h) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Owner contained in any documents relating to the Bonds to which the Owner is a party, or any omission from any such document of any material fact necessary to be stated therein in order to make the statements made therein by the Owner, in the light of the circumstances under which they were made, not misleading; or

(i) any declaration of taxability of interest on the Bonds, or allegations (or regulatory inquiry) that interest on the Bonds is taxable, for federal tax purposes, except to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Owner, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Owner shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Owner if in the reasonable judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

Notwithstanding any transfer of the Project to another Owner in accordance with the provisions of this Agreement, the Owner shall remain obligated to indemnify each Indemnified Party pursuant to this Section if such subsequent owner fails to indemnify any party

entitled to be indemnified hereunder, unless the Issuer has consented to such transfer and to the assignment of the rights and obligations of the Owner hereunder.

The provisions of this Section 9 shall survive the term of the Bonds and this Regulatory Agreement.

Section 10. Consideration. The Issuer has agreed to issue the Bonds to provide funds to make the Loan to the Owner to finance the Project, all for the purpose, among others, of inducing the Owner to acquire, construct and operate the Project. In consideration of the issuance of the Bonds by the Issuer, the Owner has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 11. Reliance. The Issuer and the Owner hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds, in the exemption from California personal income taxation of interest on the Bonds and in the Tax-Exempt status of the interest on the Bonds. In performing their duties and obligations hereunder, the Issuer and the Program Monitor may rely upon statements and certificates of the Low Income Tenants, and upon audits of the books and records of the Owner pertaining to the Project. In addition, the Issuer may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Owner exists under this Regulatory Agreement, the Issuer shall not be required to conduct any investigation into or review of the operations or records of the Owner and may rely solely on any written notice or certificate delivered to the Issuer by the Owner with respect to the occurrence or absence of a default unless it knows that the notice or certificate is erroneous or misleading.

Section 12. Sale or Transfer of the Project. For the Qualified Project Period, the Owner shall not sell, transfer or otherwise dispose of the Project, except for the sale or transfer to the Issuer, in whole or in part, without the prior written consent of the Issuer, which consent shall not be unreasonably withheld, conditioned or delayed if the following conditions are satisfied: (a) except a sale or transfer to the Issuer or [] or an affiliate thereof, the receipt by the Issuer of evidence acceptable to the Issuer that (i) the Owner shall not be in default hereunder or under the Loan Agreement (which may be evidenced by a Certificate of Continuing Program Compliance) or the purchaser or assignee undertakes to cure any defaults of the Owner to the reasonable satisfaction of the Issuer; (ii) the continued operation of the Project shall comply with the provisions of this Regulatory Agreement; (iii) either (1) the purchaser or assignee or its property manager has at least three years' experience in the ownership, operation and management of similar size rental housing projects, and at least one year's experience in the ownership, operation and management of rental housing projects containing below-market-rate units, without any record of material violations of discrimination restrictions or other state or federal laws or regulations or local governmental requirements applicable to such projects, or (2) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subclause (1) above, or (3) the transferring Owner or its management company will continue to manage the Project for at least one year following such transfer and during such period will provide training to the transferee and its manager in the responsibilities

relating to the Low Income Units; and (iv) the person or entity which is to acquire the Project does not have pending against it, and does not have a history of significant and material building code violations or complaints concerning the maintenance, upkeep, operation, and regulatory agreement compliance of any of its projects as identified by any local, state or federal regulatory agencies; (b) the execution by the purchaser or assignee of any document reasonably requested by the Issuer with respect to the assumption of the Owner's obligations under this Regulatory Agreement and, if the Bonds are outstanding at the time of transfer, the Loan Agreement, including without limitation an instrument of assumption hereof and thereof, and delivery to the Issuer of an opinion of such purchaser or assignee's counsel to the effect that each such document and this Regulatory Agreement are valid, binding and enforceable obligations of such purchaser or assignee, subject to bankruptcy and other standard limitations affecting creditor's rights; (c) receipt by the Issuer of an opinion of Bond Counsel addressed to the Issuer to the effect that any such sale, transfer or other disposition will not adversely affect the Tax-Exempt status of interest on the Bonds; (d) receipt by the Issuer of all fees and/or expenses then currently due and payable to the Issuer; and (e) satisfaction of such other conditions as the Issuer may reasonably impose. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 12 shall be null, void and without effect, shall cause a reversion of title to the Owner, and shall be ineffective to relieve the Owner of its obligations under this Regulatory Agreement. Nothing in this Section 12 shall affect any provision of any other document or instrument between the Owner and any other party which requires the Owner to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project or any interest (direct or indirect) therein or in the Owner, including, but not limited to, any consent of the Bondowner Representative and/or the Holder required under the Loan Agreement, the Deed of Trust or any other Loan Document. Upon any sale or other transfer that complies with this Regulatory Agreement, the Owner shall be fully released from its obligations hereunder to the extent such obligations have been fully assumed in writing by the transferee of the Project. Any transfer of the Project to any entity, whether or not affiliated with the Owner, shall be subject to the provisions of this Section 12. Section 12 shall not apply to, or limit, any transfer of the Project to the Bondowner Representative or any Affiliate of the Bondowner Representative or the Holder by foreclosure under the Deed of Trust or by deed in lieu of such foreclosure. The transfer of any limited partnership interest or non-managing member interest in the Owner or a limited partner in the Owner as permitted by the Partnership Agreement of the Owner shall not constitute a prohibited sale or transfer hereunder and shall not require the consent of the Issuer.

For the Qualified Project Period, the Owner shall not: (a) encumber any of the Project or grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project, except as otherwise permitted by the Loan Agreement, the Deed of Trust and this Regulatory Agreement (and upon receipt by the Issuer and Bondowner Representative of an opinion of Bond Counsel to the effect that such action will not adversely affect the Tax-Exempt status of interest on the Bonds; provided that such opinion will not be required with respect to any lease relating to a commercial operation or ancillary facility that will be available for tenant use and is customary to the operation of multifamily housing developments similar to the Project or with respect to the granting of easements or other encumbrances permitted by the Loan Agreement, the Deed of Trust and this Regulatory Agreement); (b) demolish any part of the Project or substantially subtract from any real or personal property of the Project, except in accordance with the Loan Documents and except to

the extent that what is removed is replaced with comparable property; or (c) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

Notwithstanding anything to the contrary contained herein, the withdrawal, removal, and/or replacement of the general partner of the Owner pursuant to the terms of the Amended and Restated Limited Partnership Agreement of the Owner (the “Partnership Agreement”) shall not constitute a default under this Regulatory Agreement, and any such actions shall not accelerate the maturity of the Loan and/or the Bonds, provided that any required substitute general partner is reasonably acceptable to the Issuer and is selected with reasonable promptness.

Section 13. Term. This Regulatory Agreement and all and several of the terms hereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the period provided herein, shall terminate as to any provision not otherwise provided with a specific termination date as provided below and shall terminate in its entirety at the end of the Qualified Project Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds and discharge of the Loan Agreement.

The terms of this Regulatory Agreement to the contrary notwithstanding, the requirements hereof shall terminate and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date, which prevents the Issuer from enforcing such provisions, or condemnation or foreclosure, transfer of title by deed in lieu of foreclosure, or a similar event, *but only if*, within a reasonable period, either the Bonds are retired or amounts received as a consequence of such event are used to provide a project that meets the requirements hereof; *provided, however*, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure or the delivery of a deed in lieu of foreclosure or a similar event, the Owner or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Owner hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Owner nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes. Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

Section 14. Covenants to Run With the Land. Notwithstanding Section 1461 of the California Civil Code, the Owner hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Issuer and the Owner hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owner’s successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion

thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

Section 15. Burden and Benefit. The Issuer and the Owner hereby declare their understanding and intent that the burdens of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Project is rendered less valuable thereby. The Issuer and the Owner hereby further declare their understanding and intent that the benefits of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds were issued.

Section 16. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use of the site on which the Project is located.

Section 17. Default; Enforcement. If the Owner defaults in the performance or observance of any covenant, agreement or obligation of the Owner set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after written notice thereof shall have been given by the Issuer to the Owner, or for a period of 60 days from the date the Owner should, with reasonable diligence, have discovered such default, then the Issuer shall declare an "Event of Default" to have occurred hereunder; provided, however, that if the default is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (a) the Owner institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (b) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-Exempt status of interest on the Bonds; and provided further, that written notice shall be given to the Investor Limited Partner, who shall be entitled to cure any such default under the conditions set forth herein. The Issuer shall have the right to enforce the obligations of the Owner under this Regulatory Agreement within shorter periods of time than are otherwise provided herein if necessary to insure compliance with the Act or the Code.

Following the declaration and during the continuance of an Event of Default hereunder, the Issuer may take any one or more of the following steps, in addition to all other remedies provided by law or equity:

- (i) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Owner to perform its obligations and covenants hereunder or enjoin any acts or things that may be unlawful or in violation of the rights of the Issuer hereunder;
- (ii) have access to and inspect, examine and make copies of all of the books and records of the Owner pertaining to the Project;
- (iii) require the Owner to pay to the Issuer an amount equal to the rent or other amounts received by the Owner for any units in the Project which were in

violation of this Regulatory Agreement during the period such violation continued (which payment shall not reduce the amount nor affect any payment due under the Loan);

(iv) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Owner hereunder; and

(v) subject to the provisions of the Loan Agreement, declare a default thereunder and proceed with any remedies provided therein.

The Owner hereby agrees that specific enforcement of the Owner's agreements contained herein is the only means by which the Issuer may fully obtain the benefits of such agreements made by the Owner herein, and the Owner therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Owner hereunder.

In addition, during the Qualified Project Period, the Owner hereby grants to the Issuer the option, upon the expiration of 60 days after the giving of the written notice to the Owner referred to in the first paragraph of this Section 17 of the Owner's default under this Regulatory Agreement, to lease up to 40% of the units in the Project for the purpose of subleasing such units to Low Income Tenants, but only to the extent necessary to comply with the provisions of Sections 3, 4, 6 and 7. The option granted in the preceding sentence shall be effective only if the Owner has not instituted corrective action within such 60-day period. Such option shall be exercisable first with respect to units which are vacant at the time of exercise of this option and shall be exercised with respect to occupied units only to the extent that subleasing of additional units is necessary in order to bring the Project into compliance with the provisions of Sections 3, 4, 6 and 7, and any eviction carried out in connection with the exercise of such option shall be carried out in compliance with applicable laws. The option and any leases to the Issuer under this provision shall terminate with respect to each default upon the achievement, by the Owner or the Issuer, of compliance with the requirements of Sections 3, 4, 6 and 7, and any subleases entered into pursuant to the Issuer's option shall be deemed to be leases from the Owner. The Issuer shall make diligent efforts to rent Low Income Units to Low Income Tenants for monthly rental amounts equivalent to those collected from tenants of similar units in the Project, or such lesser maximum amounts as may be permitted by Section 6(b) hereof, but shall not be required to obtain such rental amounts. The Issuer shall seek to rent such units for the highest possible rents that may be charged, consistent with the rent and occupancy restrictions of this Regulatory Agreement. Tenant selection shall be performed utilizing the Owner's reasonable management and selection policies. The Issuer subleases to Low Income Tenants pursuant to this paragraph shall not exceed six months in term and shall expressly permit the Owner to increase the rents to the maximum amounts as may be permitted by Section 6(b) hereof for the respective households at the time the Owner assumes the Issuer's position hereunder. Any rental paid under any such sublease shall be paid to the Owner after the Issuer has been reimbursed for any expenses incurred in connection with such sublease. All rents received by the Issuer from such subleases, less the Issuer's expenses incurred in connection with such subleases, shall be placed into an escrow reasonably approved by the Owner. All funds in such escrow shall be continuously pledged by the Issuer for the benefit of the Owner. The Issuer agrees to allow

the Owner access to the Issuer's books and records relating to the collection and disbursement of rents received pursuant to such subleases.

All reasonable fees, costs and expenses of the Issuer incurred in taking any action pursuant to this Section shall be the sole responsibility of the Owner.

No breach or default under this Regulatory Agreement shall defeat or render invalid any deed of trust, Deed of Trust or like encumbrance upon the Project or any portion thereof given in good faith and for value.

Section 18. Reserved.

Section 19. Recording and Filing. The Owner shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the County of San Bernardino and in such other places as the Issuer may reasonably request. The Owner shall pay all fees and charges incurred in connection with any such recording.

(a) The Owner and the Issuer will file of record such other documents and take such other steps as are reasonably necessary, in the opinion of Bond Counsel, in order to ensure that the requirements and restrictions of this Regulatory Agreement will be binding upon all owners of the Project.

(b) The Owner hereby covenants to include or reference the requirements and restrictions contained in this Regulatory Agreement in any documents, executed and delivered in connection with a voluntary transfer of any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Section 20. Payment of Fees. Notwithstanding any prepayment of the Loan the Owner shall continue to pay to the Issuer all fees, losses and expenses required under the Loan Agreement as provided therein.

Section 21. Governing Law. This Regulatory Agreement shall be governed by the laws of the State.

Section 22. Amendments; Waivers. Except as provided in Section 8(a) hereof, this Regulatory Agreement may be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the County of San Bernardino, California, and only upon receipt by the Issuer and the Bondowner Representative of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-Exempt status of interest on the Bonds and is not contrary to the provisions of the Act.

(a) Anything to the contrary contained herein notwithstanding, the Issuer and the Owner hereby agree to amend this Regulatory Agreement to the extent required, in the opinion of Bond Counsel, in order that interest on the Bonds remains Tax-Exempt. The parties requesting such amendment shall notify the other parties to this Regulatory Agreement of

the proposed amendment, with a copy of such requested amendment to Bond Counsel and a request that such Bond Counsel render to the Issuer and the Bondowner Representative an opinion as to the effect of such proposed amendment upon the Tax-Exempt status of interest on the Bonds. This provision shall not be subject to any provision of any other agreement requiring any party hereto to obtain the consent of any other person in order to amend this Regulatory Agreement.

(b) Any waiver of, or consent to, any condition under this Regulatory Agreement must be expressly made in writing.

Section 23. Notices. All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the date personally delivered or on the second day following the date on which the same have been mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

Issuer:	Housing Authority of the County of San Bernardino 715 East Brier Drive San Bernardino, California 92408 Attention: Chief Operating Officer/Senior Vice President
Agent:	Bank of America, N.A. 333 S. Hope St. 20 <u>Mail Code: CA4-704-06-06</u> <u>2000 Clayton Road, Building D, 6th Floor</u> Los Angeles <u>Concord</u> , CA 90071 <u>94520</u> Attention: [redacted] <u>Loan Administration Manager</u>
Bondowner Representative:	Bank of America, N.A. 333 S. Hope St. 20 <u>Mail Code: CA4-704-06-06</u> <u>2000 Clayton Road, Building D, 6th Floor</u> Los Angeles <u>Concord</u> , CA 90071 <u>94520</u> Attention: [redacted] <u>Loan Administration Manager</u>
Owner:	Waterman Gardens Partners 2, L.P. c/o National Community Renaissance of California 9421 Haven Ave. Rancho Cucamonga, CA 91730 Attention: Chief Executive Officer
With a copy to:	National Community Renaissance of California 9421 Haven Ave. Rancho Cucamonga, CA 91730 Attention: General Counsel

With a copy to

Owner's Limited Partner: Bank of America, N.A.
~~520 Newport Center Drive, Suite 1100~~
~~Newport Beach, CA 92660~~ Mail Code: MA1-225-02-02
225 Franklin Street
Boston, MA 02110
Attention: ~~[redacted]~~ Asset Manager for Arrowhead
Grove Phase II

With a copy to:

Buchalter, A Professional Corporation
1000 Wilshire Boulevard
Suite 1500
Los Angeles, CA 90017-1730
Attention: ~~[redacted]~~ Michael Williamson (B0965-0428)

Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent. Copies of notices sent by any party hereto shall be sent concurrently to the Bondholder. In addition to any other notice required to be given under this Regulatory Agreement, promptly upon determining that a violation of the Regulatory Agreement has occurred, the Issuer shall, by notice in writing to the Agent, inform the Bondholder that such violation has occurred, the nature of the violation and that the violation has been cured or has not been cured, but is curable within a reasonable period of time, or is incurable; notwithstanding the occurrence of such violation, the Issuer shall not have, and acknowledges that it shall not have, any right to cause or direct acceleration of the Loan, to enforce the Note or to foreclose on the Deed of Trust based on such violation. The Issuer, the Program Monitor, Bondowner Representative, the Owner and the Investor Limited Partner may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Notice shall be deemed given on the date received, as evidenced by written confirmation of receipt by the addressee of such notice. The Bondowner Representative shall receive a copy of all notices sent to the Issuer.

Section 24. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 25. Multiple Counterparts. This Regulatory Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 26. Limitation on Liability. Notwithstanding the foregoing or any other provision or obligation to the contrary contained in this Regulatory Agreement, (a) the liability of the Owner under this Regulatory Agreement to any person or entity, including, but not limited to, the Issuer and its successors and assigns, is limited to the Owner's interest in the Project, and other collateral given to secure the Borrower's obligations under this Regulatory Agreement, or any rights of the Owner under any guarantees relating to the Project, and such persons and entities shall look exclusively thereto, or to such other security as may from time to time be given

for the payment of obligations arising out of this Regulatory Agreement or any other agreement securing the obligations of the Owner under this Regulatory Agreement; and (b) from and after the date of this Regulatory Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Regulatory Agreement, any agreement pertaining to any Project or any other agreement securing the Owner's obligations under this Regulatory Agreement), shall be rendered against the Owner, the assets of the Owner (other than the Owner's interest in the Project, this Regulatory Agreement, amounts held in the funds and accounts created under the Loan Agreement, any rights of the Owner under the Loan Agreement or any other documents relating to the Bonds or any rights of the Owner under any guarantees relating to the Project), its partners, members, successors, transferees or assigns and each their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Regulatory Agreement and the Loan Agreement or any agreement securing the obligations of the Owner under this Regulatory Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding.

Section 27. Third-Party Beneficiary. CDLAC is intended to be and shall be a third-party beneficiary of this Regulatory Agreement. CDLAC shall have the right (but not the obligation) to enforce the CDLAC Conditions and to pursue an action for specific performance or other available remedy at law or in equity in accordance with Section 17 hereof, provided that any such action or remedy shall not materially adversely affect the interests and rights of the Bondholders.

Section 28. No Applicable Public Housing Requirements. The Owner warrants that it has not executed and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof. The parties hereto hereby acknowledge that none of the units in the Project are public housing units subject to the requirements applicable to public housing units under the Housing Act.

IN WITNESS WHEREOF, the Issuer and the Owner have executed this Regulatory Agreement by duly authorized representatives, all as of the date first written hereinabove.

HOUSING AUTHORITY OF THE COUNTY OF
SAN BERNARDINO, a public body, corporate
and politic

By: _____
Name:
Title:

[SIGNATURE PAGE TO REGULATORY AGREEMENT]

WATERMAN GARDENS PARTNERS 2, L.P.,
a California limited partnership

By: WG Partners 2 MGP, LLC,
a California limited liability company,
its general partner

By: National Community Renaissance of
California, a California nonprofit
public benefit corporation, its sole
member/manager

By: _____
Name: Michael Finn
Title: Chief Financial Officer

[SIGNATURE PAGE TO REGULATORY AGREEMENT]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

ACKNOWLEDGMENT

State of California

County of _____

On _____ before me,

(here insert name and title of the officer)

personally appeared _____

, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

[SIGNATURE PAGE TO REGULATORY AGREEMENT]

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ACKNOWLEDGMENT

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(here insert name and title of the officer)

personally appeared _____

_____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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WITNESS my hand and official seal.

Signature _____

(Seal)

[SIGNATURE PAGE TO REGULATORY AGREEMENT]

EXHIBIT A
LEGAL DESCRIPTION

[TO BE INSERTED]

EXHIBIT B

FORM OF INCOME CERTIFICATION

[NOTE –CAN BE REPLACED WITH OTHER APPROVED FORM OF INCOME CERTIFICATION, IF APPLICABLE]

VERIFICATION OF INCOME

RE: Arrowhead Grove Apartments Phases II/III
c/o National Community Renaissance of California
9421 Have Ave.
Rancho Cucamonga, CA 91730

Apartment Number: _____. Initial Occupancy Date: _____.

I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully, and truthfully each of the following questions for all persons who are to occupy the unit in the above apartment development for which application is made, all of whom are listed below:

1. Name of Members of the Household	2. Relationship to Head of Household	3. Age	4. Social Security Number	5. Place of Employment
	Head of Household			
	Spouse			

6. The anticipated income of all the above persons during the 12-month period beginning this date, including income described in (a) below, but excluding all income described in (b) below, is \$ _____.

(a) The amount set forth above includes all of the following income (unless such income is described in (b) below):

(i) all wages and salaries, over-time pay, commissions, fees, tips and bonuses and other compensation for personal services before payroll deductions;

(ii) net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets);

(iii) interest and dividends (include all income from assets as set forth in item 7(b) below);

(iv) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts (but see exception in 6(b)(xxiv) below);

(v) payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay;

(vi) the maximum amount of public assistance available to the above persons;

(vii) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;

(viii) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse (But see hostile fire exclusion in 6(b)(v) below); and

(ix) Any financial assistance in excess of amounts received for tuition that an individual receives from private sources or from an institution of higher education (as defined under the Higher Education Act of 1965). Do not include any loan proceeds. Do not include financial assistance received by persons over the age of 23 with dependent children.

(b) The following income is excluded from the amount set forth above:

(i) casual, sporadic or irregular income or gifts;

(ii) amounts which are specifically for or in reimbursement of medical expenses for any family member;

(iii) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;

(iv) amounts of educational scholarships paid directly to a student or an educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purposes;

(v) hazardous duty to a member of the household in the armed forces who is away from home and exposed to hostile fire;

(vi) relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

(vii) income from employment of children (including foster children) under the age of 18 years;

(viii) foster child and foster adult care payments;

(ix) the value of coupon allotments under the Food Stamp Act of 1977;

(x) payments to volunteers under the Domestic Volunteer Service Act of 1973;

(xi) payments received under the Alaska Native Claims Settlement Act;

(xii) income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;

(xiii) payments on allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;

(xiv) payments received from the Job Partnership Training Act;

(xv) income derived from the disposition of funds of the Grand River Band of Ottawa Indians;

(xvi) the first \$2000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims or from funds held in trust for an Indian tribe by the Secretary of Interior;

(xvii) any deferred Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts;

(xviii) income of a live-in aide;

(xix) amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the owner, on a part-time basis, that enhances the quality of life in the project. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance and resident-initiative coordination. No resident may receive more than one such stipend during the same period of time;

(xx) incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) and training of a family member as a resident management staff person. Amounts must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;

(xxi) reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(xxii) earnings in excess of \$480 for each full-time student 18 years or older (excluding the head of household and spouse);

(xxiii) adoption assistance payments in excess of \$480 per adopted child;

(xxiv) deferred periodic amounts from supplemental security income and social security benefits that are received in a lump-sum amount or in prospective monthly amounts;

(xxv) amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;

(xxvi) amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home;

(xxvii) amounts of scholarships funded under title IV of the Higher Education Act of 1965, including awards under federal work-study programs or under the Bureau of Indian affairs student assistance programs;

(xxviii) payments received from programs funded under Title V of the Older Americans Act of 1985, e.g., Green Thumb, Senior Aides, Older American Community Service Employment Program;

(xxix) payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in In Re Agent-product liability litigation;

(xxx) payments received under the Maine Indian Claims Settlement Act of 1980;

(xxxi) the value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990;

(xxxii) earned income tax credit (EITC) refund payments received on or after January 1, 1991, including advanced earned income credit payments;

(xxxiii) payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;

(xxxiv) allowances, earnings, and payments to Americorps participants under the National and Community Service Act of 1990;

(xxxv) any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;

(xxxvi) any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act;

(xxxvii) allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998;

(xxxviii) amounts received under training programs funded by HUD;

(xxxix) amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self Sufficiency; and

(xl) amounts received by a participant in any other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred.

7. If any of the persons described in column 1 above (or any person whose income or contributions were included in item 6) has any savings, stocks, bonds, equity in real property or other form of capital investment (excluding interests in Indian trust lands), provide:

- (a) the total value of all such assets owned by all such persons: \$_____, and
- (b) the amount of income expected to be derived from such assets in the 12-month period commencing this date: \$_____.

8. Will all of the persons (other than preschool age children) listed in column 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes ___ No ___

8.1 Complete the following only if the answer to Question 8 is "Yes."

(a) Are all of the occupants students who are married and entitled to file a joint return?

Yes ___ No ___

(b) Is the household comprised entirely of a single parent and child(ren) none of whom are dependants of another individual?

Yes ___ No ___

(c) Is any student receiving assistance under title IV of the Social Security Act (including AFDC/TANF) or a student previously under foster care (that is, under the care and placement responsibility of the State agency responsible for administering a plan under Part B or part E of title IV of the Social Security Act?)

Yes ____

No ____

(d) Is any occupant a student enrolled in a job training program receiving assistance under the Job Training Partnership Act, or under similar Federal, State, or local programs?

Yes ____

No ____

We acknowledge that all of the foregoing information is relevant to the status under federal income tax law of the interest on bonds issued to finance the acquisition and construction of the apartment building for which application is being made. We consent to the disclosure of such information to the issuer of such bonds, the holders of such bonds, any agent acting on their behalf and any authorized agent of the Treasury Department or Internal Revenue Service.

We declare under penalty of perjury that the foregoing is true and correct.

Date: _____

Head of Household

Spouse

FOR COMPLETION BY PROJECT OWNER ONLY:

I. Calculation of eligible income:

- (A) Enter amount entered for entire household from 6 above: \$
- (B) If the amount entered in 7(a) above is greater than \$5,000, enter:
- (i) the product of the amount entered in 7(a) above multiplied by the current passbook savings rate as determined by HUD: \$
 - (ii) the amount entered in 7(b) above: \$
 - (iii) line (i) minus line (ii) (if less than \$0, enter \$0): \$
- (C) TOTAL ELIGIBLE INCOME: \$ _____
(Line I (A) plus line I(B)(iii))

II. Qualification as individuals or a family of Low Income:

- (A) Is the amount entered in line I(C) less than 60% of median gross income (adjusted for family size) for the Area?
- Yes _____ No _____
- (B) (i) If line II(A) is “No,” then the household does not qualify as individuals or a family of Low Income; go to item III.
- (ii) If line II(A) above is “Yes” and 8(a) above is “No,” then the household qualifies as individuals or a family of Low Income; go to item III.
- (iii) If line II(A) above is “Yes” and 8(b) above is “Yes,” then the household qualifies as individuals or a family of Low Income; go to item III.
- (iv) If neither (ii) nor (iii) is applicable, then the household does not qualify as individuals or a family of Low Income.

III. (Check one)

The household does not qualify as individuals or a family of Low Income.
_____.

The household qualifies as individuals or a family of Low Income. _____.

IV. Number of apartment unit assigned: _____
(enter here and on page one)

Owner

NOTE TO PROJECT OWNER: A vacant unit previously occupied by individuals or a family of Low Income, may be treated as occupied by individuals or a family of Low Income until reoccupied, other than for a period of 31 consecutive days or less, at which time the character of the unit shall be redetermined.

OCCUPANCY CERTIFICATE

(To be filed with the Program Monitor along with a Verification of Income
upon the rental of a unit in the Project.)

Project: Arrowhead Grove Apartments Phase II/III

The tenant identified in the attached Verification of Income has entered into a lease with respect to a unit in the above-described Project.

Such tenant is / is not (*circle one*) a Low Income Tenant.

The rental of a unit to such tenant will not result in a violation of any of the requirements of the Loan Agreement or the Regulatory Agreement to which the Owner is a party.

Witness

Owner

Date: _____

Date: _____

EXHIBIT C

FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Witnesseth that on this ___ day of _____, _____, the undersigned, having borrowed certain funds from the Housing Authority of the County of San Bernardino, California (the "Issuer") for the purpose of financing a multifamily rental housing development (the "Project"), does hereby certify that:

1. During the preceding quarter (i) such Project was continually in compliance with the Regulatory Agreement executed in connection with such loan from the Issuer, (ii) ___% of the units in the Project were occupied by Low Income Tenants (minimum of 40% at Affordable Rents).

Set forth below are the names of Low Income Tenants who commenced or terminated occupancy during the preceding quarter.

Commenced Occupancy

- 1.
- 2.
- 3.

Terminated Occupancy

- 1.
- 2.
- 3.

The units occupied by Low Income Tenants are of similar size and quality to other units and are dispersed throughout the Project. Attached is a separate sheet listing the number of each unit and indicating which units are occupied by Low Income Tenants, the size, the number of bedrooms of such units and the number of Low Income Tenants who commenced occupancy of units during the preceding quarter.

2. *Select appropriate certification:* [No unremedied default has occurred under this Regulatory Agreement, the Loan Agreement or the Deed of Trust.] [A default has occurred. The nature of the default and the measures being taken to remedy such default are as follows: _____.]

3. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief.

Date: _____

Date: _____

EXHIBIT D
RESOLUTION NO. 18-139

[TO BE INSERTED]

EXHIBIT E

[Form of]

STATISTICAL REPORT TO ISSUER

Reporting Period: _____, _____. Date: _____

As of the date hereof:

1. Total units: _____; units occupied by Low Income Tenants: _____; _____; vacant units most recently occupied by Low Income Tenants: _____; other vacant units: _____.
2. Total units occupied by households with children, to the extent such information has been provided by tenants: _____; Low Income Units so occupied: _____;
3. To the extent such information has been provided by tenants, total units occupied by elderly households with a member of age 62 or over: _____; Low Income Units so occupied: _____
;
4. The number of Low Income Tenants who terminated their rental agreements during the previous twelve (12) month period is _____.
5. The number of units rented to new Low Income Tenants during the last twelve (12) month period is _____.
6. To the extent such information has been provided by tenants, the family names of each household currently occupying a Low Income Unit are listed on the schedule attached hereto.
7. The number of Low Income Units of various sizes is:
studio:
one-bedroom:
two-bedroom:
three-bedroom:

[Signature page follows]

WATERMAN GARDENS PARTNERS 2, L.P.,
a California limited partnership

By: WG Partners 2 MGP, LLC,
a California limited liability company,
its general partner

By: National Community Renaissance of
California, a California nonprofit
public benefit corporation, its sole
member/manager

By: _____
Name: Michael Finn
Title: Chief Financial Officer

EXHIBIT F

CERTIFICATE OF CDLAC PROGRAM COMPLIANCE

Witnesseth that on this ___ day of _____, __, the undersigned, having borrowed certain funds from the Housing Authority of the County of San Bernardino, California (the “Issuer”) for the purpose of financing a multifamily rental housing development (the “Project”) located in the City of San Bernardino, California, does hereby certify that:

1. [The Owner is in compliance with the CDLAC Conditions (as defined in the Regulatory Agreement relating to the Project).] [The Owner is not in compliance with Condition No. ____ of the CDLAC Conditions. The following measures are being taken to remedy such noncompliance _____.]

2. The representations set forth herein are true and correct to the best of the undersigned’s knowledge and belief.

Date: _____

WATERMAN GARDENS PARTNERS 2, L.P.,
a California limited partnership

By: WG Partners 2 MGP, LLC,
a California limited liability company,
its general partner

By: National Community Renaissance of
California, a California nonprofit
public benefit corporation, its sole
member/manager

By: _____
Name: Michael Finn
Title: Chief Financial Officer

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Legend:	
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Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
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Padding cell	

Statistics:	
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